

EXECUTIVE SECRETARIAT
ROUTING SLIP

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		ACTION	INFO	DATE	INITIAL
1	DCI				
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Remarks

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Executive Secretary

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

M-89-02

November 8, 1988

MEMORANDUM TO HEADS OF DEPARTMENTS AND AGENCIES

FROM: Joseph R. Wright, Jr.
Acting Director

SUBJECT: Electronic Benefit Delivery Using Card Technology

The Office of Management and Budget, with the Department of the Treasury's Financial Management Service (FMS) as the lead line agency, is initiating a government-wide program to improve the quality of service delivery to qualified recipients of federal benefits by using modern cost-effective technology. The goal of this program is to minimize check issuance and paperwork and increase convenience to the beneficiaries by offering them access by card to their funds via automated teller machines, point-of-sale terminals, and, potentially, smart card terminals.

In many cases cash benefits can be provided directly to beneficiaries' bank accounts electronically through Direct Deposit/Electronic Funds Transfer (DD/EFT). This technique, widely used for payment of federal salaries and federally administered benefits, is the most cost-effective way to deliver benefits and should be given priority. Where DD/EFT is not appropriate -- for example, when recipients have no bank accounts -- other techniques including use card technology should be explored to reach beneficiaries electronically. I have attached for your information a report, "Applications of Computer Card Technology," prepared by the Inspector General of the Department of Labor and published under the auspices of the President's Council on Integrity and Efficiency, describing Federal, State, local, and university applications which are improving services while reducing costs and paperwork.

Please review all programs which deliver cash and non-cash benefits to individual recipients and submit to OMB by January 4, 1989, a complete inventory of potential benefit programs where delivery via plastic access card and available electronic technology may be appropriate. Where your agency is already using this technology, please describe the mechanism and extent of use.

The staff contacts for questions are Suzanne Duval on 395-6107 and John Galligan on 287-0751.

Attachments



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